



40 Corporation income tax return

2003

L01

Check One: ☐ Calendar Year January 1, 2003, through December 31, 2003☐ Fiscal Year beginning _____, 2003 and ending _____, _____Is an extension
attached?Yes ☐ No ☐

Date of incorporation

____/____/____

Final return

Yes ☐ No ☐

Please Use Mailing Label (If none, type or print)

Name _____

Mailing address _____

City, State, Zip Code _____

Phone number _____

Federal employer identification no.

➤ ☐ - ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐

Is this a farming or ranching corporation?

➤ Yes ☐ No ☐

Business code (from federal return)

➤ ☐ ☐ ☐ ☐ ☐ ☐

Computation of tax liability

1 Income from (See instructions on page 3 before checking

➤ a. ☐ Single b. ☐ Combined b1. ☐ 100% North Dakota b2. ☐ Apportioning Corp c. ☐ Water's Edge d. ☐ Other
Corporate Entity Report Method Consolidated Return Consolidated Return Method

2 Total additions (Enter amount from Schedule SA, line 7) _____

3 Total subtractions (Enter amount from Schedule SA, line 16) _____

4 North Dakota apportionable income (Subtract line 3 from the sum of lines 1 and 2 - See instr. on page 3) _____

5 Apportionment Factor (See instructions on page 3) _____

6 Income apportioned to North Dakota (line 4 multiplied by line 5) _____

7 Income allocated to North Dakota _____ less related expenses _____

8 North Dakota income (Add lines 6 and 7) _____

9 Federal tax deduction (See instructions on page 4) _____

10 Exemption for new and expanding business (See instructions on page 4) _____

11 Renaissance zone income exemption (See instructions on page 4) _____

12 ND income after federal tax deduction and income exemptions (Subtract lns. 9, 10 and 11 from ln. 8) _____

13 North Dakota loss carryforward (Attach worksheet - See instructions on page 4) _____

14 Balance (Subtract line 13 from line 12) _____

15 Recapture of federal alternative minimum tax (See instructions on page 4) _____

16 North Dakota taxable income (Subtract line 15 from line 14) _____

17 Income tax due (See rates below) (Corp. filing a consol. return, enter amt. from Sch. CR, part I, ln. 17a) _____

Tax credits

18 Tax credits (Enter amount from Schedule TC, line 12) _____

Balance due or overpayment

19 Net income tax liability (Subtract line 18 from line 17) _____

20 2003 Estimated income tax payments and payment with extension (See instructions on page 4) _____

21 If line 19 is greater than line 20, enter difference as BALANCE DUE (Enter \$0 if less than \$5) _____

a. Interest and penalty for Balance Due on line 21 (See instructions on page 4) _____

b. Total Payment Due (Add lines 21 and 21a - Pay to North Dakota State Tax Commissioner) _____

If payment is to be made by Electronic Funds Transfer,
check this box ☐ and enter date of payment _____

22 If line 20 is greater than line 19, enter difference as OVERPAYMENT (Enter \$0 if less than \$5) _____

a. Amt. of line 22 to be credited to 2004 est. tax (Min. \$5) (Apply to quarter 1st 2nd 3rd 4th) _____

b. Amount of line 22 to be Refunded (Subtract line 22a from line 22. No refund under \$5) _____

I declare under the penalties of North Dakota Century Code § 12.1-11-02, which provides for a Class A misdemeanor for making a false statement in a governmental matter, that this return, including any accompanying schedules and statements, has been examined by me and to the best of my knowledge and belief is a true, correct, and complete return.

Date: _____ Signature of Officer: _____ Title: _____

Date: _____ Signature of Preparer: _____ Address: _____

Mail to: Office of State Tax Commissioner, 600 E. Boulevard Ave., Dept. 127, Bismarck, North Dakota 58505-0599

Tax Rate Table

If the amount on Line 16 is not over \$3,000 3%
\$ 3,000 to \$ 8,000 \$ 90.00 plus 4.50% of excess over \$ 3,000
\$ 8,000 to \$20,000 \$ 315.00 plus 6.00% of excess over \$ 8,000
\$20,000 to \$30,000 \$1,035.00 plus 7.50% of excess over \$20,000
\$30,000 to \$50,000 \$1,785.00 plus 9.00% of excess over \$30,000
Over \$50,000 \$3,585.00 plus 10.50% of excess over \$50,000

"Buy North Dakota Products"

PLEASE DO NOT WRITE IN THIS SPACE



Name as shown on return

Federal employer I.D.

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Schedule FACT: Apportionment factor for nonfinancial corporations not filing a consolidated state return
(If filing a consolidated N.D. return, use Schedule CR, part II. Do not use this schedule.)

Property Factor: Average value at original cost of real and tangible personal property used in the business. (Exclude value of construction in progress)

1. Total**2. North Dakota****3. Factor**

- 1** Inventories _____
2 Buildings and other fixed depreciable assets _____
3 Depletable assets _____
4 Land _____
5 Other assets (Detail) _____
6 Rented property (Annual rental capitalized x 8) _____
7 Total Property (Add lines 1 through 6) _____

- 1** _____
2 _____
3 _____
4 _____
5 _____
6 _____
7 _____

(BA) _____ **(BB)** _____

(Use 6-digit decimal only)

(Column 2 divided by Column 1 = Column 3)

Payroll Factor:

- 8** Wages, salaries, commissions and other compensation of employees which were included in the Federal Form 1120, or Federal Form 1120-A.

(If the amount reported in Column (2) does not agree with the total compensation reported for North Dakota unemployment insurance purposes, attach an explanation)

8 _____ **(BC)** _____ **(BD)** _____

Sales Factor:

- 9** Gross receipts or sales, less returns and allowances (Federal Form 1120 or Federal Form 1120-A, line 1c) _____

9 _____

10 _____

10 Sales delivered or shipped to North Dakota destinations

11 Sales shipped from North Dakota to:

(a) The United States Government

11a _____

(b) Purchasers in a state or foreign country where the taxpayer was not subject to a net income tax or a tax measured by net income or, if subject, did not actually pay such tax

11b _____

12 Total sales (Add lines 9 through 11)

12 _____

(BE) _____

(BF) _____

13 Sum of factors (Add lines 7, 8 and 12)

13 _____

14 Divide line 13 by the number of factors having an amount greater than zero in column 1, on lines 7, 8 and 12

14 (BG) _____

The following questions must be answered
Yes No

- 1** Has the IRS issued a Final Determination which affects any previously filed North Dakota return? ➤ **1** _____
- 2** If the answer to the above question is yes, have all such adjustments been reported to North Dakota? ➤ **2** _____
- 3** Has Form 1120S been filed for federal purposes? If yes, file North Dakota Form 60, not a North Dakota Form 40 ➤ **3** _____
- 4** Is this return for a tax-exempt organization required to report unrelated business taxable income? ➤ **4** _____
- 5** Has this corporation filed as a cooperative, a Foreign Sales Corporation, or a Domestic International Sales Corporation for federal purposes? ➤ **5** _____
- 6** Does this corporation use the combined report method in any other states? If yes, attach a worksheet showing all states where the combined report method is used ➤ **6** _____
- 7** Does this corporation file its federal income tax return as a member of a consolidated group? If yes, please enter the Federal Employer I.D. No. under which the consolidated return is filed. (AM)

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 ➤ **7** _____
- 8** Does the numerator of the apportionment factor include the property, payroll or sales of more than one corporation required to file in this state? If yes, Schedule CR must be completed and attached to the return ➤ **8** _____
- 9** Is this a limited liability company? ➤ **9** _____
- 10** Is this a Renaissance Fund Organization for purposes of N.D.C.C. ch. 40-63, Renaissance Zones? ➤ **10** _____
- 11** Has this corporation changed names, been involved in a merger, reorganization or takeover during this tax year? If so provide former name and details of change. _____

(former name)



Name as shown on return

Federal employer I.D.

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Schedule SA: Statutory adjustments

(See tax booklet for instructions)

Additions

- | | | |
|---|--------|-------|
| 1 Federal net operating loss deduction (Federal Form 1120, line 29a or Federal Form 1120-A, line 25a) ----- | (CA) 1 | _____ |
| 2 Special deductions (Federal Form 1120, line 29b or Federal Form 1120-A, line 25b) ----- | (CB) 2 | _____ |
| 3 All income taxes, franchise or privilege taxes measured by income, which were deducted to determine federal taxable income (See instructions on page 4) ----- | (CC) 3 | _____ |
| 4 North Dakota depreciation adjustment (See instructions on page 4) ----- | (CE) 4 | _____ |
| 5 Interest on state and local obligations (Excluding North Dakota obligations) ----- | (CF) 5 | _____ |
| 6 Other additions (Attach worksheet - See instructions on page 5) ----- | (CG) 6 | _____ |
| 7 Total additions (Add lines 1 through 6. Enter amount here and on page 1, line 2) ----- | 7 | _____ |

Subtractions

- | | | |
|---|---------|-------|
| 8 Tax refunds received in 2003 (Attach worksheet - See instructions on page 5) ----- | (CH) 8 | _____ |
| 9 Interest on United States obligations ----- | (CI) 9 | _____ |
| 10 North Dakota depreciation adjustment (See instructions on page 5) ----- | (CJ) 10 | _____ |
| 11 Allocable income (Attach worksheet - See instructions on page 5) ----- | (LS) 11 | _____ |
| 12 Related expenses (Attach worksheet - See instructions on page 5) ----- | (LT) 12 | _____ |
| 13 Balance (Subtract line 12 from line 11) ----- | (LD) 13 | _____ |
| 14 Interest on bonds issued by a regional railway authority in North Dakota ----- | (CM) 14 | _____ |
| 15 Other subtractions (Attach worksheet - See instructions on page 5) ----- | (CO) 15 | _____ |
| 16 Total subtractions (Add lines 8, 9, 10, 13, 14, and 15. Enter amount here and on page 1, line 3) ----- | 16 | _____ |

Schedule FTD: Federal income tax deduction

(Use 6-digit decimal only)

(Complete lines 1-8 of Form 40, page 1 before completing this schedule)

(See tax booklet for instructions)

(Corporations filing a consolidated North Dakota return, use Schedule CR, part III. Do not complete this schedule.)

- | | | |
|---|---------|-------|
| 1 Federal income tax liability (See instructions on page 5 or 6) ----- | (EA) 1 | _____ |
| 1a Federal alternative minimum tax liability (See instructions on page 5 or 6) ----- | (EG) 1a | _____ |
| 1b Adjusted federal income tax liability (Subtract line 1a from line 1) ----- | 1b | _____ |
| 2 Separate company(ies) federal income tax liability (Attach worksheet - See instr. on page 5 or 6) ----- | 2 | _____ |
| 3 Profit companies federal income tax liability (Attach worksheet - See instructions on page 6) ----- | 3 | _____ |
| 4 Ratio: (Divide line 2 by line 3. Not to exceed 1.000000) ----- | 4 | _____ |
| 5 Separate company(ies) share of federal income tax liability (Multiply line 1b by line 4) ----- | (EB) 5 | _____ |
| 6 Federal taxable income (Attach worksheet - See instructions on page 6) ----- | 6 | _____ |
| 7 Income not taxable to North Dakota (See instructions on page 6) ----- | 7 | _____ |
| 8 Balance (Subtract line 7 from line 6) ----- | 8 | _____ |
| 9 Ratio: (Divide line 8 by line 6. Not to exceed 1.000000) (If zero on Line 6, enter 1.000000 here) ----- | 9 | _____ |
| 10 Federal tax on federal taxable income reportable to North Dakota: (Multiply line 5 by line 9) ----- | (CK) 10 | _____ |

Corporations using the combined report method and claiming a federal foreign tax credit skip line 11 and use lines 12 - 16. Other corporations must use line 11.

- | | | |
|---|---------|-------|
| 11 ND apportionment factor (Enter amount from page 1, line 5 and go to line 17 - See instr. on page 6) ----- | 11 | _____ |
| 12 North Dakota income (Enter amount from page 1, line 8)
(If zero or less, skip lines 13 through 16) ----- | 12 | _____ |
| 13 Total income (See instructions on page 6)
(If zero or less, skip lines 14 through 16) ----- | 13 | _____ |
| 14 Income relating to Foreign Tax Credit (See instructions on page 7)
(If zero, skip lines 15 and 16) ----- | 14 | _____ |
| 15 Income relating to federal income tax paid (Subtract line 14 from line 13)
(If zero or less, skip line 16) ----- | 15 | _____ |
| 16 Federal income tax ratio (Divide line 12 by line 15 and go to line 17. Not to exceed 1.000000) ----- | (EC) 16 | _____ |
| 17 Federal tax deduction (Multiply line 10 by either line 11 or line 16. Enter amount here and on page 1, line 9) ----- | (ED) 17 | _____ |

Complete line 11 - or line 16 - but not both



Name as shown on return

Federal employer I.D.

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Schedule AMT-R: Recapture and carryforward of federal alternative minimum tax

(Use 6-digit decimal only)

(See tax booklet for instructions) (Corporations filing a consolidated North Dakota return, use Schedule CR, part IV. Do not complete this schedule.)

- | | | | |
|---|--|---|-------------|
| 1 | 2003 Federal alternative minimum tax (Enter amount from Form 40, Schedule FTD, line 1a)----- | 1 | _____ |
| 2 | Ratio from Form 40, Schedule FTD, line 4, if no ratio on line 4, enter 1.000000----- | 2 | _____._____ |
| 3 | Multiply line 1 by line 2----- | 3 | _____ |
| 4 | Ratio from Form 40, Schedule FTD, line 9----- | 4 | _____._____ |
| 5 | Multiply line 3 by line 4----- | 5 | _____ |
| 6 | Ratio from Form 40, Schedule FTD, line 11, or Form 40, Schedule FTD, line 16, whichever is applicable----- | 6 | _____._____ |
| 7 | Multiply line 5 by line 6----- | 7 | _____ |
| 8 | Carryforward of federal AMT disallowed (Enter amount from 2002 Form 40, Schedule AMT-R, line 12)----- | 8 | _____ |
| 9 | Total federal AMT disallowed (Add lines 7 and 8)----- | 9 | _____ |

Corporations claiming a federal credit for prior year minimum tax on the 2003 federal return complete lines 10-12. Other corporations enter the amount from line 9 on line 12.

- | | | | |
|----|---|---------|-------|
| 10 | Enter the amount from the 2003 Form 40, page 1, line 14----- | 10 | _____ |
| 11 | If line 10 is zero or less enter zero here and on the 2003 Form 40, page 1, line 15, otherwise, enter the smaller of line 9 or line 10 here and on the 2003 Form 40, page 1, line 15----- | 11 | _____ |
| 12 | Available carryforward of federal AMT disallowed (Subtract line 11 from line 9 if completing lines 10 and 11)----- | (RA) 12 | _____ |

Schedule TC: Tax credits

(See tax booklet for instructions - attach complete documentation)

- | | | | |
|----|---|---------|-------|
| 1 | Credit for contributions to nonprofit private colleges (See instructions on page 7)----- | (LK) 1 | _____ |
| 2 | Credit for contributions to nonprofit private high schools (See instructions on page 7)----- | (LL) 2 | _____ |
| 3 | Venture capital corporation credit (See instructions on page 7)----- | (LU) 3 | _____ |
| 4 | North Dakota Small Business Investment Company (See instructions on page 7)----- | (LW) 4 | _____ |
| 5 | Geothermal, solar or wind energy device tax credit (Attach worksheet - See instructions on page 7)----- | (LM) 5 | _____ |
| 6 | Credit for employment of the developmentally disabled or chronically mentally ill (See instructions on page 7)----- | (LX) 6 | _____ |
| 7 | Credit for research and experimental expenditures within North Dakota (See instructions on page 8)----- | (LY) 7 | _____ |
| 8 | Tax credit for new industry (Attach worksheet - See instructions on page 8)----- | (AK) 8 | _____ |
| 9 | Credit for payment to a certified nonprofit development corporation (See instructions on page 8)----- | (AG) 9 | _____ |
| 10 | Renaissance zone tax credit(s) (Enter amount from Schedule RZ)----- | (RC) 10 | _____ |
| 11 | Credit for biodiesel fuel production (See instructions on page 8)----- | (LO) 11 | _____ |
| 12 | Total tax credits (Add lines 1 through 11. Enter amount here and on page 1, line 18)----- | 12 | _____ |

Schedule FACT-1: Apportionment factor for financial organizations

(Financial Institutions as defined in North Dakota Century Code ch. 57-35.3 must not use Form 40, or this schedule.)
(Financial Institutions must file North Dakota Form 35.)

	1. Total	2. North Dakota	3. Factor
	(Column 2 divided by Column 1 = Column 3)		
Property Factor: (Average value at original cost)			
1 Tangible property held and owned for business use-----	1 _____	(AA) _____	(AB) _____._____
Business Factor:			(Use 6-digit decimal only)
2 Wages and salaries paid for services performed-----	2 _____		
3 Receipts from sales and other business sources as defined in N.D.C.C. § 57-38.1-15-----	3 _____		
4 Total (Add lines 2 and 3)-----	4 _____	(AC) _____	(AD) _____._____
5 Sum of North Dakota property and business factors (Add lines 1 and 4)-----			5 _____._____
6 One-Half of line 5 (Enter factor here and on page 1, line 5)-----			(AE) 6 _____._____



Name as shown on return _____

Federal employer I.D. _____

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Schedule WW: Combined report method income schedule

See specific line instruction for lines 1, 5, 6, 8, and 9.

1	Federal taxable income (consolidated Federal Form 1120, line 30) _____	(LA) 1	_____
2	Taxable income or loss included on line 1 from nonunitary corporations (Attach worksheet) _____	(WN) 2	_____
3	Balance (Subtract line 2 from line 1) _____	3	_____
4	Taxable income or loss not included on line 1 from unitary corporations required to file a federal income tax return (Attach worksheet) _____	(WU) 4	_____
5	Book income before income taxes of unitary foreign corporations (Attach worksheet) _____	5	_____
6	Optional: Book to tax reconciliation (Attach worksheet) _____	6	_____
7	Subtotal (Add lines 5 and 6) _____	(WF) 7	_____
8	Income or loss from Interest Charge DISC (Attach worksheet) _____	8	_____
9	Income or loss from Foreign Sales Corporations (Attach worksheet) _____	9	_____
10	Subtotal (Add lines 8 and 9) _____	10	_____
11	Income or loss from Internal Revenue Code of 1986, as amended, Section 936 Possession Corporations _____	11	_____
12	Intercompany eliminations for members of the unitary group (Attach worksheet) _____	12	_____
13	Total income (Add lines 3, 4, 7, 10 and 11 then subtract line 12. Enter amount here and on Form 40, page 1, line 1, and check the appropriate box on Form 40, page 1, line 1) _____	(WW) 13	_____

Combined report method instructions

An apportioning corporation, see method of corporation taxation on page 2 of General Instructions, which is a member of a unitary group but has not elected the water's edge method is required to file its North Dakota income tax return using the combined report method.

A "unitary group" is a group of affiliated corporations engaged in a unitary business, irrespective of the country or counties in which the corporations conduct business activity.

An "affiliated corporation" means a parent corporation and any corporation of which more than fifty percent of the voting stock is owned directly or indirectly by the parent corporation or another member of the unitary group.

Two or more 100% North Dakota corporations affiliated as parent and subsidiary, and filing a consolidated federal tax return must file one consolidated North

Dakota return using the "combined report method."

A corporation filing its North Dakota income tax return using the combined report method must include only the apportionment factors and statutory adjustments of the group.

Corporations completing Schedule CR must also complete Schedule WW to arrive at "total income."

Schedule WW specific line instructions

Line 1. Enter the amount from line 30 of the consolidated Federal Form 1120. If more than one consolidated federal return is filed, enter the total of lines 30 of the consolidated Federal Form 1120's. If a consolidated federal return is not filed, enter zero on lines 1 and 2 then proceed to line 4.

Line 5. Enter the amount of book income before income taxes of all unitary foreign

corporations not eligible to be included in the consolidated federal income tax return or not required to file a federal income tax return.

Line 6. North Dakota Admin. Code 81-03-05.3 provides a choice either to adjust or not adjust the book income of all unitary foreign corporations to conform with the Internal Revenue Code of 1986, as amended. If a corporation chooses to make

the book to tax adjustments, the adjustments must be made for all unitary foreign corporations and the total of such adjustments must be entered on line 6. If a corporation chooses not to make the book to tax adjustments, enter \$0 on line 6.

Lines 8 and 9. Enter all exempt and nonexempt income before income taxes from the Federal Form 1120-IC-DISC or Federal Form 1120-FSC.

Additional Information Regarding The Combined Report Method Is Contained In N.D. Admin. Code ch. 81-03-05.3



Name as shown on return

Federal employer I.D.

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Schedule WE: Water's edge method income schedule

Worksheets containing details of lines 2, 3, 4 and 5 are required

1 Federal taxable income (consolidated Federal Form 1120, line 30)	(LA) 1
2 Income or loss not included in line 1 from affiliated corporations required to file a federal income tax return	2
3 Reversal of intercompany eliminations between water's edge corporations and non-water's edge corporations (Attach worksheet - See instructions below)	3
4 Intercompany eliminations for water's edge group corporations	4
5 Total foreign dividends included in line 1	5
6 Taxable income or loss included in line 1 or 2 from 80/20 corps.	6
7 Balance (Add lines 1, 2 and 3 then subtract lines 4, 5 and 6)	7
8 Foreign dividends to be included in water's edge income (Multiply line 5 by 30%) (See general definitions and enter amount on line 8)	8
9 Total net book income of 80/20 corporations (Attach worksheet)	9
10 Net book income of 80/20 corporations to be included in water's edge income (Multiply line 9 by 30%)	10
11 Total water's edge income (Add lines 7, 8 and 10. Enter amount here and on page 1, line 1, and check the box entitled "Water's Edge Method.")	(WE) 11

Water's edge method election instructions

A corporation required to file its North Dakota return using the worldwide unitary combined report method must do so unless it elects to apportion its income using the water's edge method.

A corporation elects and maintains the water's edge method election by checking the box entitled "Water's Edge Method" on page 1, line 1, and completing Schedule WE.

A corporation electing the water's edge method must comply with all of the following:

- The election must be made on the return as originally and timely filed;

- The corporation may not reduce taxable income for federal taxes deducted under N.D.C.C. 57-38-01.3(1)(c);
- The water's edge election is binding for five consecutive taxable years upon making the election; and
- The corporation must file with the Tax Commissioner a domestic disclosure spreadsheet the first year the property, payroll, or sales in foreign countries exceed ten million dollars and total assets exceed two hundred fifty million dollars, and every third year thereafter provided the property, payroll, or sales in foreign countries exceed ten million dollars and total assets exceed two hundred fifty million dollars. The

domestic disclosure spreadsheet must be filed by a corporation with its North Dakota income tax return. However, if the information is not available when the return is filed, a corporation may file the spreadsheet within six months after the due date of the return, including any extensions. The form for complying with the spreadsheet requirement must be obtained from the Office of State Tax Commissioner.

A corporation electing the water's edge method must include only the apportionment factors and statutory adjustments of the water's edge group.

Schedule WE general definitions

"Water's edge group" includes affiliated corporations incorporated in the U.S., excluding 80/20 corporations, affiliated corporations incorporated in a possession of the U.S., DISCs, FSCs, export trade corporations and foreign affiliated corporations which meet a defined minimum of U.S. activity.

"Affiliated corporation" means a parent corporation and any corporation of which more than fifty percent of the voting stock is owned directly or indirectly by the parent corporation or another member of the water's edge group.

"Reversal of intercompany eliminations between water's edge corporations and 80/20 corporations" means the reversal of eliminations made between water's edge corporations and 80/20 corporations that are included in the federal consolidated return. Dividends, interest, royalties, capital gains and losses, intercompany profit on sales,

etc. between water's edge corporations and 80/20 corporations that have been eliminated in preparing the consolidated federal return must be reversed.

"Intercompany eliminations for water's edge group corporations" are eliminations of intercompany transactions between companies included in line 1 and companies included in line 2.

"80/20 corporation" is a corporation that is incorporated in the U.S., is eligible to be included in the federal consolidated return as defined in N.D.C.C. § 57-38.4-01(5) and has eighty percent of its average property and payroll assigned to locations in foreign countries.

"Foreign dividends" means any dividend received by a member of the water's edge group from any affiliated corporation

incorporated outside the fifty states and District of Columbia, including amounts included in income computed under sections 951 through 954 of the Internal Revenue Code of 1986, as amended.

"Net book income of an 80/20 corporation" means net book income for financial statement purposes. However, a corporation's net book income cannot be offset by a net book loss from another 80/20 corporation.

"Rescission of a water's edge election". A corporation's water's edge election is rescinded if:

- It has had more than 50% of its voting stock acquired by a nonaffiliated corporation;
- It was formed as the result of a reorganization or spinoff and is no longer a member of the water's edge group; or
- It is completely liquidated. The water's edge election of any corporation receiving liquidated assets is not affected.



Name as shown on return

Federal employer I.D.

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Schedule CR, Part I: Computation of tax due for corporations filing a North Dakota consolidated return using the combined report method

	Corporation	Name of corporation		Federal Employer I.D.										
Corporations having activity within North Dakota	A	➤ _____	➤	<table border="1"><tr><td></td><td></td><td>-</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>			-							
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Before starting part I of this schedule, complete lines 1-4 on Form 40, page 1

	Corporation A	Corporation B	Corporation C																														
4 North Dakota apportionable income (Enter amount in Columns A, B & C from Form 40, page 1, line 4) _____	4 _____	_____	_____																														
5 Apportionment factor (Enter factor from part II, line 14) _____	5 <table border="1"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>											<table border="1"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>											<table border="1"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>										
6 Income apportioned to North Dakota (line 4 multiplied by line 5) _____	6 _____	_____	_____																														
7 Income allocated to North Dakota \$ _____ less related expenses \$ _____	7 _____	_____	_____																														
8 North Dakota income (Add lines 6 and 7) _____	8 _____	_____	_____																														
9 Federal tax deduction (Enter amount from part III, line 17) _____	9 _____	_____	_____																														
10 Exemption for new and expanding business (Attach worksheet - See instructions on page 4) _____	10 _____	_____	_____																														
11 Renaissance zone income exemption (See instructions on page 4) _____	11 _____	_____	_____																														
12 North Dakota income after federal tax deduction and income exemptions (Subtract lines 9, 10 and 11 from line 8) _____	12 _____	_____	_____																														
13 North Dakota loss carryforward (Attach worksheet - See instructions on page 4) _____	13 _____	_____	_____																														
14 Balance (Subtract line 13 from line 12) _____	14 _____	_____	_____																														
15 Recapture of federal alternative minimum tax (Enter amount from part IV, line 11) _____	15 _____	_____	_____																														
16 North Dakota taxable income (Subtract line 15 from line 14) _____	16 _____	_____	_____																														
17 Income Tax Due (See tax rate table on Form 40, page 1) _____	17 _____	_____	_____																														
17a Total income tax due (Add amounts on line 17, Columns A, B & C, and enter the total amount here and on Form 40, page 1, line 17 and complete lines 18 through 22, on Form 40) _____	(GA) 17a _____																																

Instructions for consolidated return using the combined report method

All corporations filing a consolidated North Dakota return, (i.e. those corporations checking either box b1 or b2 on Form 40, page 1, line 1) must complete the four parts of Schedule CR and attach the completed schedule to Form 40 when filed.

On the top of this page, space has been provided for three corporations (corporations A, B & C) having activity within North Dakota. If space is needed for additional corporations having activity within North Dakota, additional copies of

Schedule CR can be obtained by photocopying all four parts of this original schedule or by requesting additional copies from the Office of State Tax Commissioner.

Complete Form 40, page 1, lines 1-4 before starting to complete Schedule CR, part I.

Schedule CR has been designed so the instructions for Form 40 in the booklet also apply to the line numbers on Schedule CR. For example, the instructions for Form 40, page 1, lines 4-17 also apply to Schedule CR, part I, lines 4-17.

After completing Schedule CR, part I, certain totals must be entered on Form 40. For each line 7, 9, 10, 11, 13 and 15, total the amounts for all corporations included on Schedule CR, part I. Enter the total from lines 7 onto line 7 of Form 40, page 1; enter the total from lines 9 onto line 9 of Form 40, page 1; enter the totals from lines 10 onto line 10 of Form 40, page 1; enter the total from lines 11 onto line 11 of Form 40, page 1; enter the total from lines 13 onto line 13 of Form 40, page 1; and enter the total from lines 15 onto line 15 of Form 40, page 1.



Name as shown on return

Federal employer I.D.

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Schedule CR, Part II: Computation of factor for corporations filing a North Dakota consolidated return using the combined report method

Property Factor:

Average value at original cost of real and tangible personal property used in the business. (Exclude Value of construction in progress)

(Use 6-digit decimal only)

Average Property:	Everywhere Average Property of All Corporations Being Combined	Corporation A	Corporation B	Corporation C
1 Inventories	1			
2 Buildings and other depreciable assets	2			
3 Depletable assets	3			
4 Land	4			
5 Other assets	5			
6 Rented property (annual rental capitalized x 8)	6			
7 Total average property (Add lines 1 through 6)	7			
7a Property factor (Divide N.D. Total Average Property by Total Everywhere Average Property)	7a			
7b Total property factor (Add amounts on line 7a, columns A, B & C)	(BB) 7b			

Payroll Factor:

Wages, salaries, commissions and other compensation of employees which were included in the Federal Form 1120 or Federal Form 1120-A.

Everywhere Payroll
All Corporations
Being Combined

Corporation A Corporation B Corporation C

8 Payroll	8			
8a Payroll factor (Divide N.D. Payroll by Everywhere Payroll)	8a			
8b Total payroll factor (Add amounts on line 8a, columns A, B & C)	(BD) 8b			

Sales Factor:

Gross receipts or sales, less returns and allowances from Federal Form 1120 or Federal Form 1120-A, line 1 (c).

Everywhere Sales
All Corporations
Being Combined

Corporation A Corporation B Corporation C

9 Everywhere sales	9			
10 Sales delivered or shipped to North Dakota destinations	10			
11 Sales shipped from North Dakota to:				
(a) The United States Government	11a			
(b) Purchasers in a state or foreign country where the taxpayer was not subject to a net income tax or a tax measured by net income, or if subject, did not actually pay such tax	11b			
(c) Total North Dakota Sales (Add lines 10, 11a and 11b)	11c			
12 Sales Factor (Divide Total N.D. Sales by Everywhere Sales)	12			
12a Sales Factor (Add amounts on line 12, columns A, B & C)	(BF) 12a			
13 Sum of the factors (Add lines 7a, 8a and 12)	13			
14 Apportionment Factor (Divide line 13 by the number of factors having an amount greater than zero in the everywhere column, on lines 7, 8 and 9) (Enter factor here and on part I, line 5, and part III, line 11, if applicable)	14			
14a Total factor (Add amounts on lines 7b, 8b and 12a. Divide the sum by three, and enter the total amount here and on Form 40, page 1, line 5)	(BG) 14a			



Name as shown on return

Federal employer I.D.

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Schedule CR, Part III: Computation of federal income tax deduction for corporations filing a North Dakota consolidated return using the combined report method

(Use 6-digit decimal only)

1 Federal income tax liability (See instructions on page 5 or 6) **(EA) 1** _____

1a Federal alternative minimum tax liability (See instructions on page 5 or 6) **(EG) 1a** _____

1b Adjusted federal income tax liability (Subtract line 1a from line 1) **1b** _____

2 Separate company(ies) federal income tax liability (Attach worksheet - See instructions on page 5 or 6) **2** _____

3 Profit companies federal income tax liability (Attach worksheet - See instructions on page 6) **3** _____

4 Ratio: (Divide line 2 by line 3. Not to exceed 1.000000) **4**

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5 Separate company(ies) share of federal income tax liability (Multiply line 1b by line 4) **(EB) 5** _____

6 Federal taxable income (See instructions on page 6) **6** _____

7 Income not taxable to North Dakota (See instructions on page 6) **7** _____

8 Balance (Subtract line 7 from line 6) **8** _____

9 Ratio: (Divide line 8 by line 6. Not to exceed 1.000000) (If zero on line 6, enter 1.000000 here) **9**

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	Corporation A	Corporation B	Corporation C
10 Federal tax on federal taxable income reportable to North Dakota (Multiply line 5 by line 9) (Enter here and in Columns A, B & C) (CK) 10	_____	_____	_____

Corporations using the combined report method and claiming a federal foreign tax credit, skip line 11 and use lines 12-16. Other corporations must use line 11.

Complete line 11 or line 16, but not both

11 North Dakota apportionment factor (Enter factor from part II, line 14) **11**

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12 North Dakota income (Enter amount from part I, line 8) (If zero or less, skip lines 13 through 16) **12** _____

13 Total income (See instructions on page 6) (If zero or less, skip lines 14 through 16) **13** _____

14 Income relating to foreign tax credit (See instructions on page 7) (If zero, skip lines 15 and 16) **14** _____

15 Income relating to federal income tax paid (Subtract line 14 from line 13) (If zero or less, skip line 16) **15** _____

16 Federal income tax ratio (Divide line 12 by line 15 and go to line 17. (Not to exceed 1.000000) **16**

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16a Total federal income tax ratio (Add amounts on line 16, columns A, B & C) **(EC) 16a**

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17 Federal income tax deduction (Multiply line 10 by either line 11 or line 16) **17** _____

17a Total federal income tax deduction (Add amounts on line 17, columns A, B & C and enter the total amount here and on Form 40, page 1, line 9) **(ED) 17a** _____

Instructions For Schedule CR, Part III

Schedule CR, part III has been designed so the instructions for Form 40, Schedule FTD

under "Combined Report Method" in the booklet also apply to the line numbers on Schedule CR, part III

After completing Schedule CR, part III, the total from line 17a must be entered on Form 40, page 1, line 9.



Name as shown on return _____

Federal employer I.D.

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Schedule CR, Part IV: Computation of recapture and carryforward of federal AMT disallowed for corporations filing a North Dakota consolidated return using the combined report method

(Use 6-digit decimal only)

1 2003 Federal alternative minimum tax (AMT) (Enter amount from Schedule CR, part III, line 1a) _____	1 _____																																
2 Ratio from Schedule CR, part III, line 4, if no ratio on line 4, enter 1.000000 _____	2 <table border="1"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>																																
3 Multiply line 1 by line 2 _____	3 _____																																
4 Ratio from Schedule CR, part III, line 9 _____	4 <table border="1"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>																																
5 Multiply line 3 by line 4 _____	5 _____	Corporation A	Corporation B	Corporation C																													
6 N.D. apportionment factor (Enter factor from Sch. CR, part III, line 11 or line 16) _____	6 <table border="1"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>											<table border="1"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>											<table border="1"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>										
7 Subtotal (Multiply line 5 by line 6) _____	7 _____	_____	_____	_____																													
8 Carryforward of previously disallowed federal AMT (Attach worksheet) _____	8 _____	_____	_____	_____																													
9 Total federal AMT disallowed (Add lines 7 and 8) _____	9 _____	_____	_____	_____																													
Corporations claiming a federal consolidated credit for prior year minimum tax on the 2003 federal return, complete lines 10-12. Other corporations enter the amount from line 9 on line 12.																																	
10 Balance (Enter amount from Schedule CR, part I, line 14) _____	10 _____	_____	_____	_____																													
11 Subtotal (If the amount on line 10 is zero or less, enter zero here and on part I, line 15) (If the amount on line 10 is greater than zero, enter the smaller of line 9 or 10 here and on part I, line 15) _____	11 _____	_____	_____	_____																													
11a Total recapture of federal AMT disallowed (Add amounts on line 11, column A, B & C and enter the total amount here and on Form 40, page 1, line 15) _____				11a _____																													
12 Available carryforward of federal AMT disallowed (Subtract line 11 from line 9 if completing lines 10 and 11) _____	12 _____	_____	_____	_____																													
12a Total available carryforward of federal AMT disallowed (Add amounts on line 12, columns A, B & C) _____				(RA) 12a _____																													

Instructions For Schedule CR, Part IV

Schedule CR, part IV has been designed so the instructions for Form 40, Schedule AMT-R in the booklet also apply to this part of Schedule CR.

After completing Schedule CR, part IV the total from line 11a must be entered on Form 40, page 1, line 15.